



RESTRICTED

RESTRICTED

STAT

For the development of industry and agriculture, eastern Siberia and the Far East are lacking in many kinds of equipment, and in materials and fuel. In the past, the area has lived almost exclusively on importation (including imports from abroad), but now, practically all basic requirements are satisfied by local production. Only that which cannot be produced locally is imported.

The eastern part of the USSR is developing as a vast production complex indissolubly connected with the economic structure of the Soviet Union. Eastern gold production, nonferrous metallurgy, fur trade, and fishing have an all-Union significance.

Machine building has developed strongly during the years of Soviet rule. First and foremost is the production of mining equipment for nonferrous metallurgy and for gold production, followed by transportation machine building (steam locomotives and cars for railroads), automobile assembly, sea and river shipbuilding, and finally, the production of equipment for the lumber and paper industry, and the production of agricultural machines and combines for farming.

Nonferrous metals are being extracted in sufficient quantity in East Siberia, but until recently there was no ferrous metallurgy here. The Amur steel foundry only lately went into operation smelting scrap iron. However, the extraction of pig iron from ore is not yet organized. The gap is being filled under the new Five-Year Plan: coke-chemical and blast-furnace production are being established at local iron-ore mines.

Vast reserves of coal -- over 900 billion tons, or twice as much as there is in the Kuznetsk Basin -- are found in the eastern regions of the USSR. However, the rates of coal output are, for the time being, still insignificant. In 1938, only about 12 million tons were produced (9 percent of the all-Union output). The new Five-Year Plan calls for an expansion of coal production here, in particular of coking coal. In eastern Siberia an extensive industry is also being established in connection with the production of liquid fuel from coal, which will make up for the absence of petroleum resources here. The coal and liquid fuel, which is being produced from the Sakhalin oil fields, are directed to various consumers, but mainly to industry and transport. Electric power plants also operate on coal.

The seas of the Far East abound in fish. The extensive development of the fish industry demands great quantities of salt. But the natural deposits of salt here are not large, and the shortage of salt is being made up in part by importing it from other areas, and partially, by extraction from sea water.

The forests are rich in valuable fur-bearing animals. Commercial hunting is continuing to develop. In the more habitable forest areas, enterprises of the wood-processing and paper industry have been established. Local wood requirements are being completely satisfied.

Agriculture under the Fourth Five-Year Plan is being reinforced in order to satisfy both food requirements and the demands of expanding light industry.

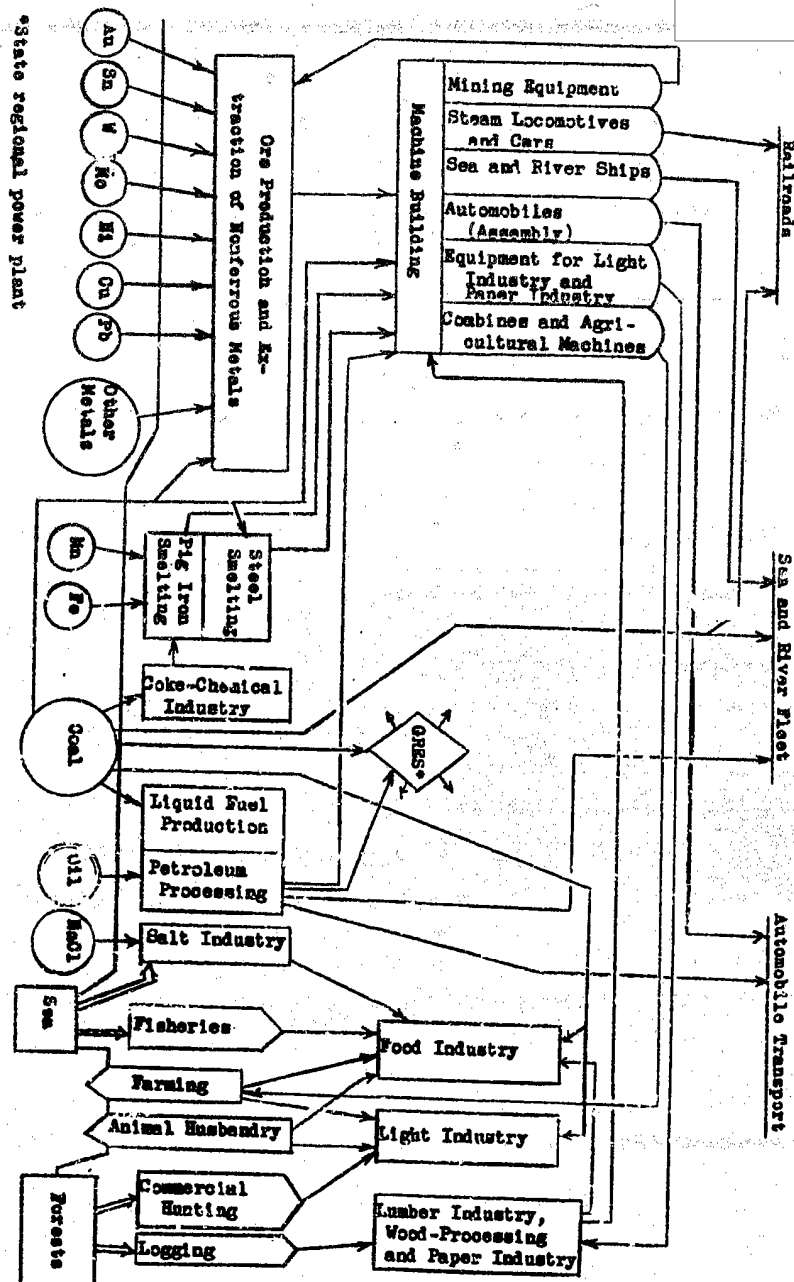
- 2 -

RESTRICTED

RESTRICTED

RESTRICTED

STAT



- END -

- 3 -

RESTRICTED

RESTRICTED